



SAMMAMISH VALLEY WINE AREA STUDY

Stakeholder Workshop #1

April 7, 2016

1. BACKGROUND



Planning Process

Study Purpose

The primary objectives of the study are to develop policy and code recommendations for King County in the areas of economic development, transportation (including circulation, parking, and access,) land use, and agriculture that support the following goals:

- > **Nurture the burgeoning wine and beverage industry in King County**
- > **Improve the interface of the wine related businesses with the surrounding communities**
- > **Honor the requirements of the Growth Management Act and the policies of the County's Comprehensive Plan as it relates to urban growth areas, farmland preservation and rural areas**

Key Tasks

The following is an overview of the major tasks anticipated.

- ✓ Project Framing
- ✓ Stakeholder Interviews
- ☐ Existing Conditions Assessment
- ☐ Stakeholder Workshops
- ☐ Public comments and meeting
- ☐ Policy Recommendations
- ☐ Draft Study

Planning Process

Stakeholder group role: to inform the study issues, provide feedback on development of potential options and to create a focused conversation table in addition to the broader public outreach

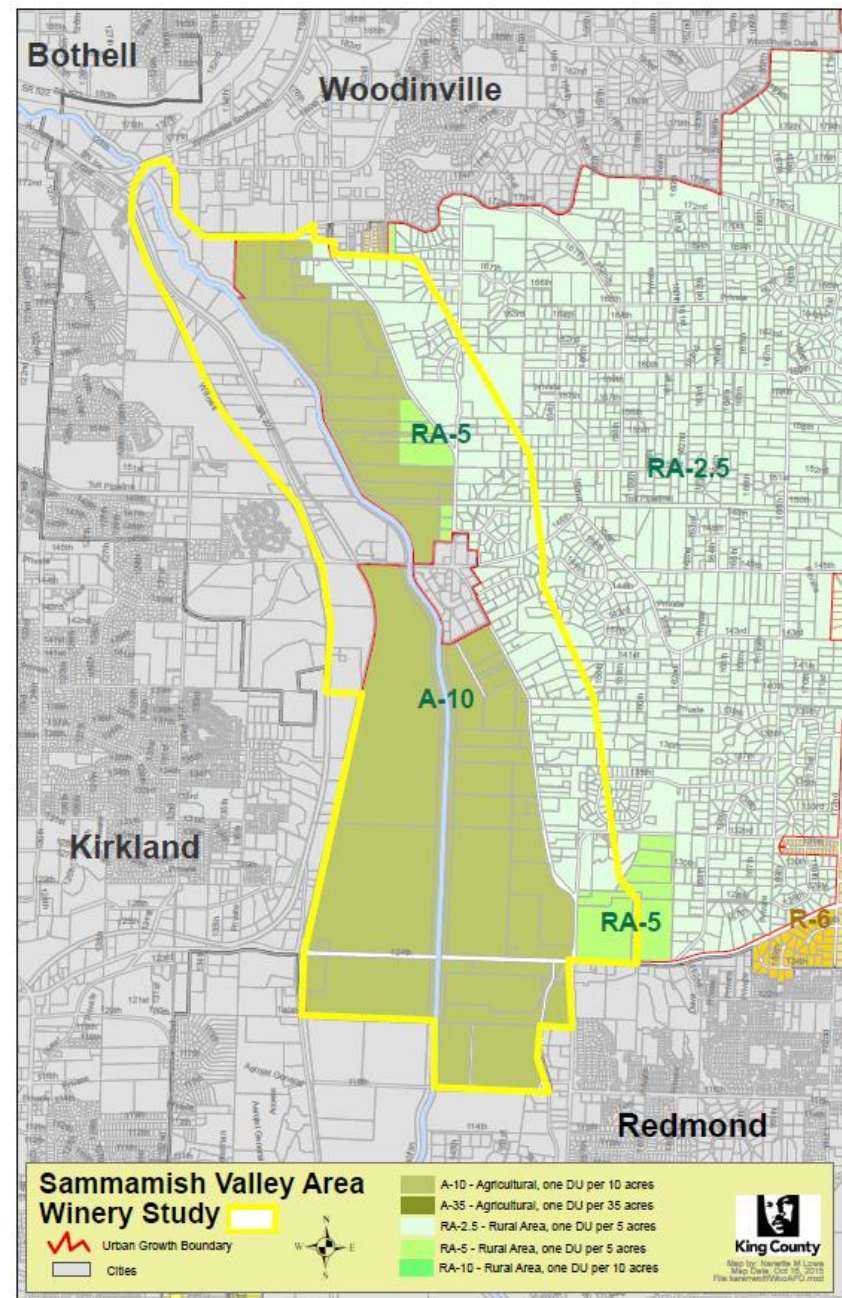
Stakeholder Working Group Participants

Name	Organization
Roger Porter	Cherry Valley Winery
Rob Odle	City of Redmond
Bernie Talmas	City of Woodinville
Greg Lill	Delille Cellars
Carrie Alexander	Force Majeure Winery
Louise Miller	Former King County Councilmember
Bryce Yadon	Futurewise
Dave Witt	Greater Woodinville Chamber of Commerce
Ron Baum	Hollywood Hills Association
Roger Calhoon	King County Agriculture Commission
Tom Quigley	Sammamish Valley Alliance
Carol Munro	Ste. Michelle Wine Estates

Land Use

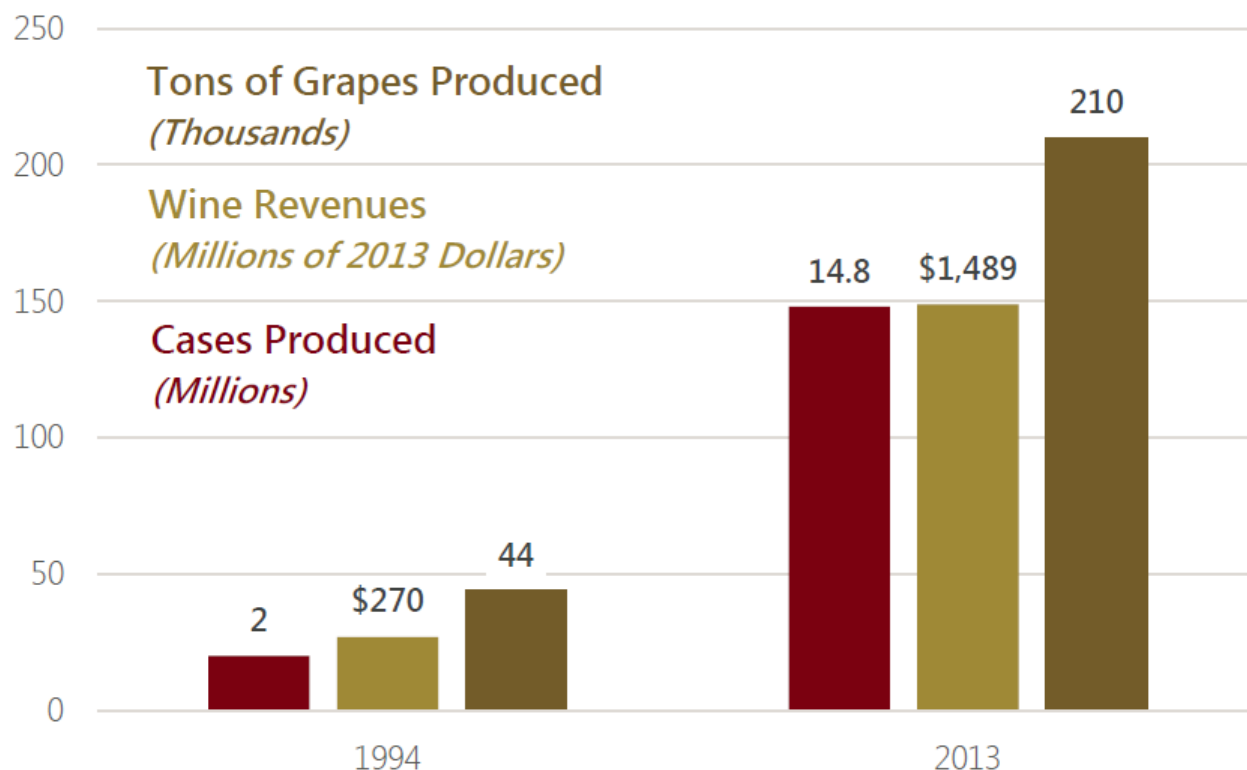
Land use in the Sammamish Valley

- > One of few areas in King County where urban, unincorporated and agricultural areas converge
 - City of Woodinville
 - Rural unincorporated
 - Agricultural Protection District
- > Sammamish Valley APD – one of 5 APD's in King County
 - Protect soils where agriculture is the principle land use
- > Rural areas
 - Low density residential
 - Limited uses consistent with traditional rural environment
- > Urban
 - More intense development consistent with City comprehensive plan



Wine in Washington

Cases Produced, Wine Revenues, and Wine Grapes Harvested. 1994 and 2013. Washington State



Sources: Washington State Department of Revenue, 2015; Altria Group, 2014; United States Department of Agriculture National Agricultural Statistics Service, 2015; Community Attributes Inc., 2015.

A Growing Industry

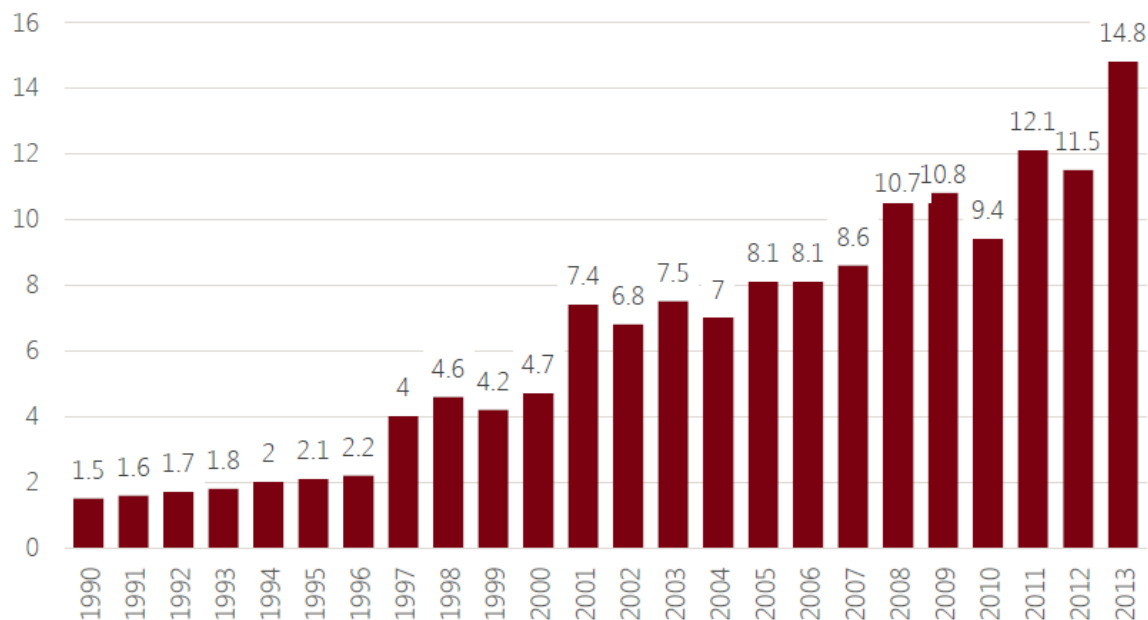
Between 1994 and 2013, Washington's wine industry grew by three key measures: wine grape production, wine production, and wine revenues.

They grew at Compound Annual Growth Rates (CAGRs) of 8.6%, 9.4%, and 11.1% respectively.

Wine in Washington

Cases of Wine Produced, 1990-2013, Washington State

Millions
of Cases



Sources: Washington State Wine Commission, 2014; Bureau of Alcohol, Tobacco, and Firearms, 2015; Community Attributes Inc., 2015.

A Growing Industry

From 1990 to 2013, Washington's wine sales increased by a CAGR of 10.5%, adding an average of 578,000 cases produced each year.

Top Washington Counties by Wine Production, 2014

Rank	County	Cases
1	Benton County	9,477,000
2	King County	2,208,000
3	Walla Walla County	1,610,000
4	Snohomish County	259,000
5	Klickitat County	179,000
6	Thurston County	168,000
7	Grant County	84,000
8	Chelan County	78,000
9	Yakima County	68,000
10	Spokane County	63,000

Sources: Washington State Wine Commission, 2014; Washington State Department of Revenue, 2015; Community Attributes Inc., 2015.

Wine in King County

Economic Impacts of Wine in King County, 2014

	Direct	Indirect	Induced	Total
Jobs	1,880	780	1,080	3,740
Labor Income (mils 2013 \$)	68.8	45.6	52.7	167.1
Revenues (mils 2013 \$)	357.6	152.8	162.1	672.5

Sources: Washington State Wine Commission, 2014; Washington State Department of Revenue, 2015; Community Attributes Inc., 2015.

Economic Impacts

King County produced the second-largest amount of wine in Washington in 2014, exceeding 2.2 million cases. Wine production activities in King County are primarily concentrated in the Woodinville region, though there are wineries in both urban and rural areas across other regions of the county.

The largest segments of the wine cluster in King County are in wine production and distribution, with a significant share of total mark-up revenues generated through the sale of wine occurring within the Seattle region as the largest metropolitan region of the Northwest.

In 2013, an estimated \$357.6 million in business revenues were generated by wine and related final demand activities in King County. A further \$314.9 million in revenue was supported through related income expenditures and inter-industry purchases.

These activities directly employed 1,900 workers. The industry supported an additional 1,900 jobs through indirect and induced economic impacts.

GROW

PRODUCE

DISTRIBUTE

SELL

American Viticultural Areas (AVAs) are legally-designated wine grape-growing regions in the US that have unique climates. AVA designation is a major marketing tool for wineries, and for a winery to say that its wine is from an AVA, that wine must be made from at least 85% grapes from that AVA.

Some wines are produced for a client exclusively by a Custom Crush facility—these are referred to as Wine Labels—while other wines are produced to fill out an existing winery's production and according to their specifications.

Constraints

to wine industry growth in Washington include

competition from other land uses,

such as cherry & apple orchards, and, critically,

water rights.

99% of all Washington wine grapes are grown within AVA boundaries.

Vineyards



Custom Crush

Wineries



Labels

From 60-80% of Washington's Estate winery production is Chateau Ste. Michelle Estates.

ESTATE WINERIES



Estate Wineries, those that produce wine from grapes grown on their own vineyard, represent a large share of Washington's wineries. Many of these wineries also source grapes from other vineyards.



Direct to Consumer



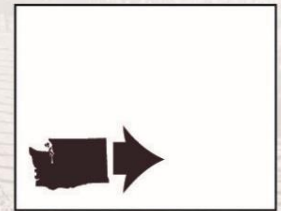
Restaurants



Grocery & Specialty Stores



Distributors & Wholesalers



Domestic Exports



International Exports

Soil Preparation
Harvesting

Cooperage
Bottling

Storage
Ports

Bottlers

Grape Harvesters

Maintenance

Sales Force

Wine Makers

Admin Support

Business Mgrs

Education & Talent Development
Viticultural Research

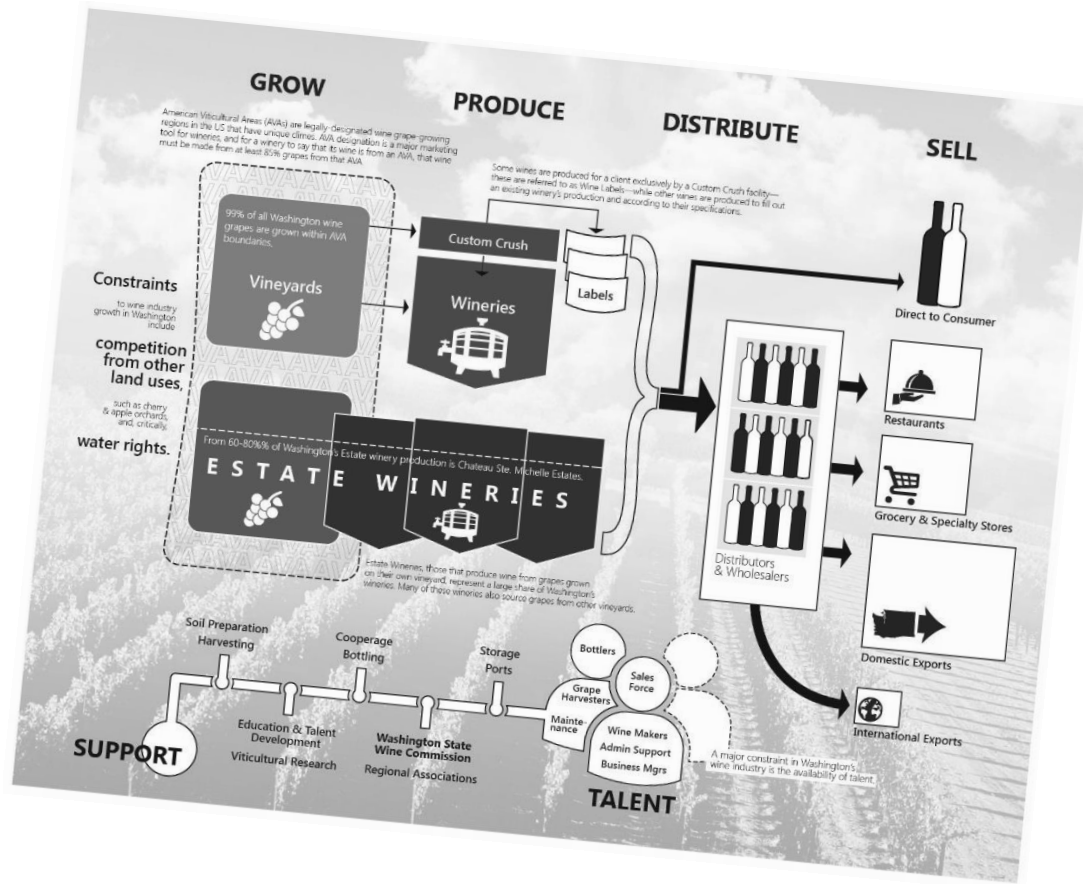
Washington State Wine Commission
Regional Associations

SUPPORT

TALENT

A major constraint in Washington's wine industry is the availability of talent.

Wine in King County



Understanding the Wine Industry

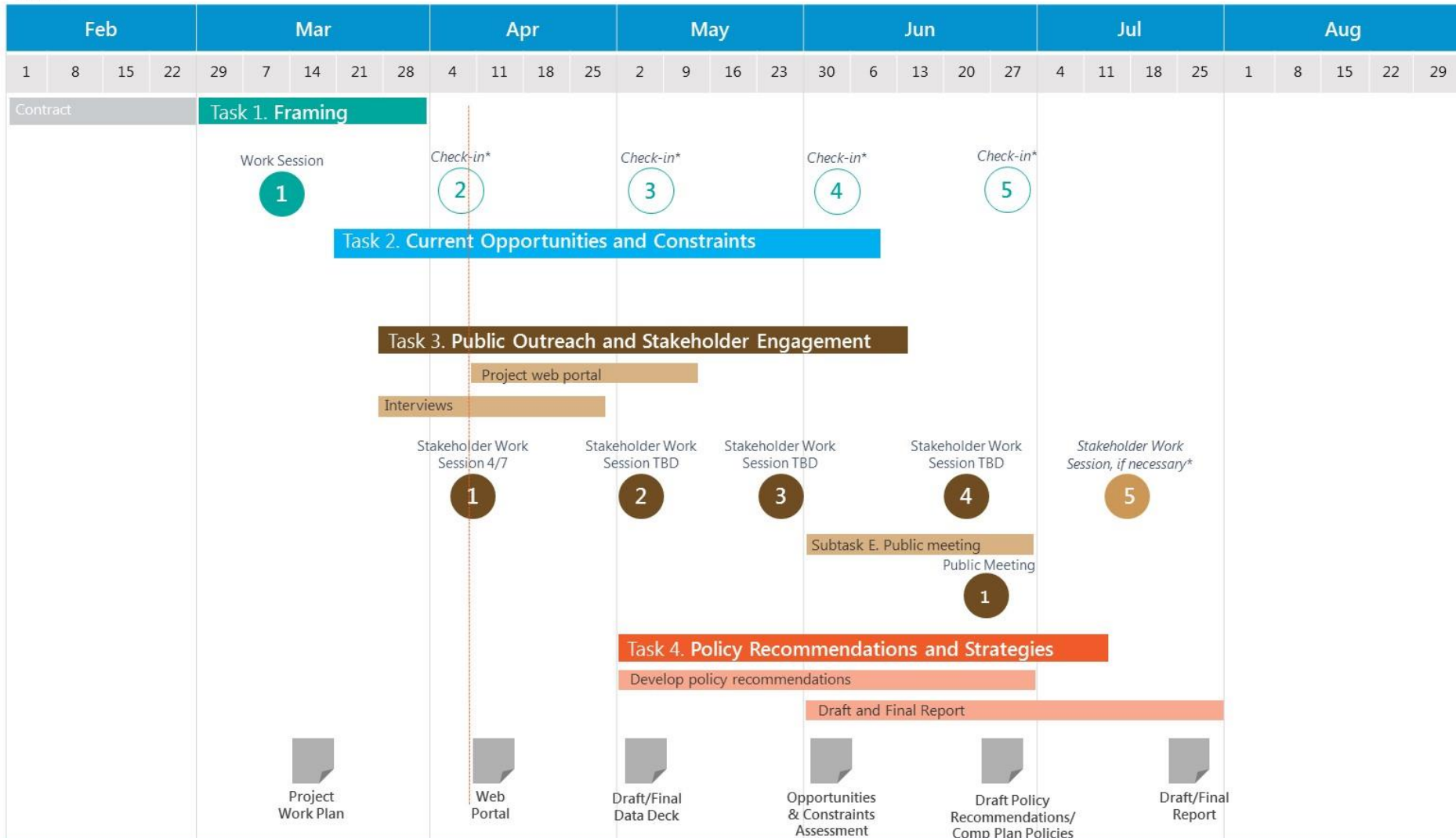
- > Plan for production, distribution, tasting & sales
- > Understand segmentation of producers
 - Stair-step curve of growth due to capital investments
- > Provide a mix of activities around tasting rooms
 - Lodging, entertainment, shopping, activities
- > Foster bucolic setting
- > Parking, circulation
- > Understand different components:
 - Retailer
 - Restaurant / tasting
 - Distributor
 - Tourism
- > Eastern Washington connections

2. APPROACH AND SCHEDULE

Sammamish Valley Wine Area Study **Working Draft Schedule**

Updated April 6, 2016

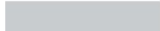
2016



Meeting



Deliverable



Task Timespan

*Optional



Initial Project Framework

The following provides an initial framework for the project. The framework will provide overall guidance for the study and inform the type of data and analytics to be compiled for the stakeholder working group.

Key Attributes of Sammamish Valley's Wine Industry	King County Considerations	Planning Considerations
<ul style="list-style-type: none">• Tourism• Tasting rooms and wineries• Retail sales• Surrounding amenities• Proximity to population and employment centers• Pastoral setting• Aesthetic quality	<ul style="list-style-type: none">• Supporting and guiding wine industry growth• Complying with GMA and Comp Plan policies• Identifying funding mechanisms• Understanding extent of development pressure• Respecting community vision and priorities	<ul style="list-style-type: none">• Transportation impacts• Critical areas protection• Growth forecasts• Land capacity in UGAs• Annexation potential• Real estate market conditions• Regulatory environment

Project Approach

I. Project Framing

- > Clear project plan developed collaboratively with County staff
- > Alignment of project plan with County goals

II. Constraints and Opportunities Analysis

- > Identification and validation of existing constraints and opportunities
- > Critical review of current policy and regulatory framework
- > Analysis tailored to support and inform stakeholder working group

III. Public Outreach and Stakeholder Engagement

- > Focus on the stakeholder group and finding areas of common interest
- > Facilitate an open forum for project stakeholders to engage each other and the project team
- > Process framed by an economic understanding of the constraints and opportunities facing the area

IV. Policy Recommendations and Final Report

- > Actionable policy recommendations to guide King County
- > A streamlined final report that can be leveraged for future decision making

Community Engagement

Workgroup Meetings

Pre-Meeting

- > Individual stakeholder interviews

Meeting Agenda Ideas

- > Identify major opportunities
- > Identify obstacles
- > Present possible solutions (& competing ideas)
- > Present & discuss common interests
- > Explore alternatives
- > Identify trade-offs
- > Review public input

Public Meeting & Project Website

Public Meeting

- > Presentations of Draft strategies, recommendations
- > Solicit feedback

Project Website

- > Comment box approach
- > Materials provided on the site
- > Input collected and synthesized for working group

Stakeholder Interview Themes

Interviews with the stakeholder working group provided insights into the groups priorities and helped identify initial challenges and opportunities associated with the study.

Priorities and Outcomes

- > Broader vision of growth and inclusion
- > Educate wineries and the agricultural community to better understand the impacts each has on the other
- > Develop clarity in the County's rules and regulations
- > Explore capacity for growth in Woodinville
- > Preserve farmland

Challenges

- > Balance growth in the wine industry with property rights and preservation concerns
- > Land use regulations are hard to understand
- > Infrastructure, including septic access, pedestrian traffic, and pass-through traffic

Opportunities

- > Bring agriculture, wineries, city government, and residents together
- > Opportunity for farms to leverage the wine industry
- > Improve communication and clarity on regulations surrounding establishing wineries in Unincorporated King County

3. NEXT STEPS

Next Steps

Scheduling Stakeholder Meetings

- > Thursday, May 5, 2016 (3:30 pm start time)
- > Additional May meeting?
- > Thursday, June 2, 2016 (3:30 pm start time)
- > Additional June Meeting?

Next Meeting Agenda

- > Draft data deck review to review research and analysis on current opportunities and constraints
- > Initial policy prioritization

Project Contacts

King County

Karen Wolf, Senior Policy Analyst, AICP

karen.wolf@kingcounty.gov

(206) 263-9649

Community Attributes

Mark Goodman, Project Manager

mark@communityattributes.com

(206) 523-6683

